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APPORTIONMENT OF CERTAIN MONEYS TO POLITICAL SUBDIVISIONS FOR LOCAL PURPOSES

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14 APPORTIONMENT OF CERTAIN MONEYS TO POLITICAL SUBDIVISIONS FOR LOCAL PURPOSES. Assembly Constitutional Amendment 75. Adds section 31d to Article IV of Constitution. Empowers Legislature to apportion, by general and uniform laws, to cities, counties, and cities and counties, for local purposes, moneys derived under Chapter 362, Statutes 1935, as amended (act relating to licensing and taxing of vehicles, etc.) and moneys derived under "Alcoholic Beverage Control Act" (Chapter 330, Statutes 1935, as amended) and acts amendatory or supplemental to either of said statutes or substituted therefor.	YES	
	NO	

(For full text of measure, see page 18, Part II)

Argument in Favor of Assembly Constitutional Amendment No. 75

Prior to 1935 city and county governments collected personal property taxes on motor vehicles, and such revenue was available to pay the cost of any service being rendered by the city or the county. However, in 1935 the Legislature deprived the local governments of the power to levy this tax and substituted a State license for the privilege of operating a motor vehicle. To compensate the cities and counties for this loss of revenue, a part of this State-collected license was apportioned back to the cities and counties.

However, difficulty arose from the fact that under the provisions of section 31 of Article and section 12 of Article XI of the Constitution of California, the revenue received by the local governments from the State could be used only for "State purposes," while the personal property taxes previously collected locally had been used for "local purposes."

Exactly the same situation exists in the expenditure by the cities and counties of revenue received from the State from liquor license fees. Prior to prohibition, liquor licenses were issued locally, with all revenues available for local purposes. With the repeal of prohibition, a system of licensing by the State was substituted, although provision was made for the State to share the fees collected with the cities and counties. However, these same sections of the Constitution require these revenues to be spent by the cities and counties for "State purposes."

Five years of experience under this system have provided conclusive evidence of the fact that it has not been legally possible for city councils and boards of supervisors to give the maximum possible benefits from these revenues to local taxpayers, taxpayers who are primarily home-owners and farm-owners. The local governing bodies are powerless to use even a part of these funds for local purposes so as to make possible a reduction in the property tax rate. These local officials urge that their greatest

need is revenue for "local" and not for "State" purposes.

The effect of this amendment is limited to the revenue received by cities and counties from the State-collected motor vehicle license fees and liquor license fees. It will be of great assistance to city councils and boards of supervisors in expending these revenues in accordance with the greatest needs of the cities and counties. It merits the support of all voters who desire to assist their local government in reducing local tax rates.

THE AMENDMENT SHOULD BE APPROVED. VOTE "YES."

HUBERT B. SCUDDER.
Member of the Assembly,
Seventh District.

Argument Against Assembly Constitutional Amendment No. 75

This proposed amendment would authorize the Legislature by general and uniform laws to provide for the apportionment to cities and counties for local purposes of tax moneys collected by the State under the acts often referred to as the Motor Vehicle License Fee Act and the Alcoholic Beverage Control Act.

The Motor Vehicle License Fee Act requires the payment of a license fee equal to 1 1/2% of the actual market value of each vehicle operated in California. The Alcoholic Beverage Control Act provides for the licensing of persons in the alcoholic beverage business and levies an excise tax upon such beverages. Under the present law, 50% or more of the moneys thus received is apportioned to the cities and counties for the sole enforcement of these acts.

If this constitutional amendment is adopted, it will allow the tax money so apportioned to go into the general fund of the cities and counties to be used for any local purpose without regard to the purpose for which this money was

originally collected. *For example:* The taxes the motorist pays on his automobile, thinking the money will go for the improvement of roads and highways and enforcement of traffic laws, may be used to reduce the real estate taxes of his neighbor, without any benefit to the motorist.

The license fees paid by the dealer in alcoholic beverages may also be used for any purpose, instead of for the enforcement of the alcoholic beverage control laws.

This amendment is *discriminatory* and *special* in nature because it authorizes the Legislature to provide for the apportionment of funds collected from the motorist and the liquor dealer to be used for general local purposes instead of for the enforcement of the law. Why should motorists and people in the alcoholic beverage industry be penalized by having taxes paid by them diverted to local purposes, while other groups, such as doctors, lawyers, contractors, etc., who are regulated by the State, are the exclusive beneficiaries of the license fees which are paid by them?

The amendment is *unnecessary*, because allocations to cities and counties under the present laws have been successfully made for over five years. The amendment is undesirable because:

First:

It unjustly discriminates against certain taxpayers for the benefit of others.

Second:

It will encourage the conversion of just taxes into discriminatory taxes.

Third:

It will impose on the State government additional responsibility for the support of local government.

Fourth:

It will be detrimental to the best interests of the people as a whole, by abolishing the present desirable restrictions on the use of these allocated funds.

Finally:

It will result in an *increase* in the cost of State Government.

I respectfully urge you to vote "NO" on this proposed amendment.

JACK MASSION,
Member of the Assembly,
Sixty-sixth District.

APPORTIONMENT OF CERTAIN MONEYS TO POLITICAL SUB-DIVISIONS FOR LOCAL PURPOSES. Assembly Constitutional Amendment 75. Adds section 31d to Article IV of Constitution.

14 Empowers Legislature to apportion, by general and uniform laws, to cities, counties, and cities and counties, for local purposes, moneys derived under Chapter 362, Statutes 1935, as amended (act relating to licensing and taxing of vehicles, etc.) and moneys derived under "Alcoholic Beverage Control Act" (Chapter 330, Statutes 1935, as amended) and acts amendatory or supplemental to either of said statutes or substituted therefor.

YES

NO

Assembly Constitutional Amendment No. 75—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by adding to Article IV thereof a new section to be numbered 31d, relating to the apportionment to cities, counties, and cities and counties of certain moneys for local purposes.

Resolved by the Assembly, the Senate concurring, That the Legislature of the State of California at its fifty-third regular session commencing on the second day of January, 1939, two-thirds of the members elected to each of the two houses of the Legislature voting therefor, hereby proposes to the people of the State of California that the Constitution of the State be amended by adding to Article IV thereof a new section, to be numbered 31d and to read as follows:

(This proposed amendment does not expressly amend any existing section of the Constitution, but adds a new section thereto; therefore, the provisions thereof are printed in BLACK-FACED TYPE to indicate that they are NEW.)

PROPOSED AMENDMENT TO THE CONSTITUTION.

Sec. 31d. Notwithstanding the provisions of section 31 of this article, or any other provision of this Constitution, the Legislature shall have the power by general and uniform laws to provide for the apportionment to cities, counties, and cities and counties, for local purposes, of moneys derived under the provisions of "An act relating to licensing and taxing of vehicles, providing for license fees for the privilege of operating certain vehicles, providing for the exemption of such vehicles from all taxes according to value for State, county, or municipal purposes, providing for the administration and enforcement of this act, creating a fund to be known as the motor vehicle license fee fund, and making an appropriation of the moneys therein," (Chapter 362, Statutes 1935, as amended), and moneys derived under the provisions of the "Alcoholic Beverage Control Act" (Chapter 330, Statutes 1935, as amended), and any act or acts amendatory of either of such statutes, supplemental thereto or that may be substituted therefor.

TRANSFER OF FUNDS BY CITY TREASURER. Senate Constitutional Amendment 24. Amends Constitution, Article IV, section 31. Limits power of city treasurer to make temporary transfer of funds necessary to meet obligations of city or city and county incurred for maintenance

15 by authorizing such transfer only from funds in his custody other than those designated for payment of principal and interest on indebtedness incurred by or on behalf of any municipally owned or operated public utility.

YES

NO

Senate Constitutional Amendment No. 24—A resolution to propose to the people of the State of California an amendment to the Constitution of said State, by amending section 31 of Article IV of said Constitution, relating to the temporary transfer of funds by the treasurer of any city, county, or city and county.

Resolved by the Senate, the Assembly concurring, That the Legislature of the State of California, at

its fifty-third regular session, commencing on the second day of January, 1939, two-thirds of all the members elected to each of the two houses of the said Legislature voting in favor thereof, hereby proposes to the people of the State of California that section 31 of Article IV of the Constitution of said State be amended to read as follows:

(This proposed amendment expressly amends an existing section of the Constitution; therefore, EY